



Financial and Economic Notes

September 2009 vol. 118



Highlights

- Germany and France emerge from recession
- Recovery gathers momentum

Economic indicators

Germany and France, the largest countries in Continental Europe, made headlines this month by reporting positive GDP readings for the second quarter. This makes them the first developed countries out of recession. Economic news in the U.S. was also encouraging. Although job losses are still in negative territory, a surprise decrease in July's unemployment rate to 9.4% offered some optimism to the labour market.

U.S. retail sales data remains troublesome but the success of the recent "Cash for Clunkers" program and positive news from early back to school sales may bring a more positive tone to retail sales, at least for the near term.

It was a similar story in Canada as strong readings for manufacturing and wholesale and retail sales for June set the expectation for a resumption of growth in the third quarter. The expectation for growth was further supported by the index of leading economic indicators which rose for the first time in eleven months. The most recent unemployment report was certainly disappointing but it is important to note that jobs are always one of the last economic variables to improve during a recovery.

Financial markets

It was another positive month for the world's major equity markets as momentum behind the recovery increased. After outperforming for most of the year, Canadian equities lagged international equities on profit taking and took a much needed pause after a strong rebound from the lows of early March. Bonds were also positive as corporate spreads continued to tighten despite the fact yields were generally unchanged.

Overall, global economic news remained upbeat suggesting the recovery may be more sustainable than many had thought possible not too long ago. Asian countries are showing the strongest recovery with China and many others in the region reporting double digit Q2 real GDP growth, annualized. And it is not just China: global consumption estimates in emerging countries, excluding China, also showed solid growth in the second quarter.

All major equity markets increased in value during the month of August. The DEX Universe Bond Index indicates a return of 1.1%, the S&P/TSX 1.0%, the S&P 500 5.3% and the MSCI EAFE 7.2%.



Financial and Economic Notes

Assumption Life Investment Funds Applicable for Registered Pension Plan clients only

Gross returns as of August 31, 2009

FUNDS	1 MTH %	YTD* %	1 year %	2 years %	3 years %	4 years %	5 years %
ASSUMPTION LIFE FUNDS							
Assumption Life Balanced Fund - RPP	2.4	8.9	-5.6	-2.9	0.6	2.0	4.8
Multi-Index	2.3	11.9	-7.1	-3.1	0.9	2.7	5.1
Canadian Dividend Fund	2.3	20.2	-15.9	-8.2	-1.8	1.3	6.7
S&P / TSX Index	1.0	23.7	-18.2	-8.0	-0.6	3.2	8.0
U.S. Equity Fund (\$CAN)	3.8	5.0	-15.1	-9.5	-2.7	-1.8	-0.9
S&P 500 Index (\$ CAN)	5.3	3.5	-15.6	-13.2	-6.1	-4.3	-3.1
Money Market Fund	0.1	1.2	2.3	n/a	n/a	n/a	n/a
SCM 91 Day T-Bills	0.0	0.5	1.6	n/a	n/a	n/a	n/a
MONTRUSCO BOLTON FUNDS							
Canadian Equity+ Fund	1.1	23.2	-17.6	-9.7	-3.0	0.8	6.2
S&P / TSX Index	1.0	23.7	-18.2	-8.0	-0.6	3.2	8.0
Small Cap. Canadian Equity Fund	9.9	33.7	-13.8	-10.0	-1.8	2.1	8.8
BMO NB Small Cap Weighted Index	5.2	46.4	-18.4	-17.7	-9.0	-1.9	3.2
TSX Momentum	5.0	15.9	-30.6	-12.9	1.9	4.6	15.9
S&P / TSX Index	1.0	23.7	-18.2	-8.0	-0.6	3.2	8.0
Quantitative EAFE Equity Fund (CAN\$)	4.4	-13.4	-22.7	-18.2	-10.9	-6.9	-4.0
MSCI EAFE Index	7.1	10.5	-11.9	-13.1	-5.1	-0.2	2.0
Global Equity Fund (CAN\$)	5.5	19.0	-6.2	-7.3	-2.8	-1.6	0.7
MSCI World Index	5.8	8.2	-14.6	-13.1	-5.5	-2.4	-0.7
Fixed Income Fund (Can. bonds)	1.5	7.2	8.0	6.8	5.1	4.3	5.4
SCM Universe Bond Index	1.1	4.6	7.2	7.4	5.5	4.7	5.8
FIDELITY FUNDS							
Canadian Opportunities Fund	5.0	39.9	-4.4	-1.9	3.5	6.1	9.8
S&P / TSX Small and Mid Cap Combined Index	5.3	26.0	-19.0	-11.9	-5.5	-0.7	3.8
True North Fund	0.8	23.0	-18.7	-7.5	1.9	5.1	10.2
S&P / TSX Index	1.0	23.7	-18.2	-8.0	-0.6	3.2	8.1
Overseas Fund	5.0	14.1	-13.2	-17.6	-6.7	-1.2	1.5
MSCI EAFE Index	7.1	10.5	-11.9	-13.1	-5.1	-0.2	2.0
Global Health Care Fund	3.8	2.4	-6.8	-3.3	-1.0	0.1	2.3
Goldman Sachs HealthCare Index	4.2	-3.0	-6.5	-4.3	-3.1	-1.2	-0.1
Global Technology Fund	5.0	31.3	-1.9	-7.4	0.9	1.8	2.8
Goldman Sachs Technology Index	4.3	24.2	-7.3	-9.4	-1.2	-0.1	1.1
Europe Fund	7.4	11.0	-21.5	-10.5	1.3	5.6	9.1
MSCI Europe Index	8.0	11.9	-14.6	-14.5	-5.2	-0.3	2.4
American Disciplined Equity Fund	3.8	4.0	-17.5	n/a	n/a	n/a	n/a
S&P 500 Index (\$CAN)	5.3	3.5	-15.6	n/a	n/a	n/a	n/a
NorthStar Fund	3.6	19.1	-12.7	n/a	n/a	n/a	n/a
MSCI World Index	5.8	8.2	-14.6	n/a	n/a	n/a	n/a
Monthly Income Fund	2.3	20.8	-2.5	n/a	n/a	n/a	n/a
Multi-Index	2.3	11.9	-7.1	n/a	n/a	n/a	n/a
Canadian Asset Allocation Fund	0.6	20.2	-4.0	n/a	n/a	n/a	n/a
Multi-Index	2.3	11.9	-7.1	n/a	n/a	n/a	n/a



Financial and Economic Notes

Assumption Life Investment Funds Applicable for Registered Pension Plan clients only

Gross returns as of August 31, 2009

FUNDS	1 MTH %	YTD* %	1 year %	2 years %	3 years %	4 years %	5 years %
CI FUNDS							
Harbour Growth & Income Fund	0.3	16.8	-7.8	-1.5	2.5	5.2	8.8
Multi-Index	2.3	11.9	-7.1	-3.1	0.9	2.7	5.1
Synergy American Fund	2.1	3.2	-20.1	-12.4	-4.4	-2.4	1.3
S&P 500 Index (\$CAN)	5.3	3.5	-15.6	-13.2	-6.1	-4.3	-3.1
Global Managers Corporate Class Fund	4.4	12.3	-0.6	-4.0	0.9	3.1	4.0
MSCI World Index	5.8	8.2	-14.6	-13.1	-5.5	-2.4	-0.6
Signature Canadian Bond Fund	1.3	4.4	5.7	6.4	5.0	4.4	5.5
SCM Universe Bond Index	1.1	4.6	7.2	7.4	5.5	4.7	5.8
Signature High Income	2.9	20.1	-8.5	n/a	n/a	n/a	n/a
Multi-Index	2.3	11.9	-7.1	n/a	n/a	n/a	n/a
American Value	4.6	5.7	-15.1	n/a	n/a	n/a	n/a
S&P 500 Index (\$CAN)	5.3	3.5	-15.6	n/a	n/a	n/a	n/a
Synergy Global Corporate Class	3.1	4.7	-17.8	n/a	n/a	n/a	n/a
MSCI World Index	5.8	8.2	-14.6	n/a	n/a	n/a	n/a
Global Small Companies	3.6	10.8	-10.0	n/a	n/a	n/a	n/a
MSCI World Index	5.8	8.2	-14.6	n/a	n/a	n/a	n/a
AGF FUNDS							
Dividend Income Fund	1.5	16.8	-16.0	n/a	n/a	n/a	n/a
S&P / TSX Index	1.0	23.7	-18.2	n/a	n/a	n/a	n/a
International Stock Class	8.0	16.3	-10.5	n/a	n/a	n/a	n/a
MSCI EAFE Index	7.1	10.5	-11.9	n/a	n/a	n/a	n/a